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CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 1078

NATIONAL ELECTRIC PRODUCTS CORPORATION,
Petitioner,

vs.

TRIANGLE CONDUIT & CABLE CO. INC.,
Respondent.

REPLY BRIEF FOR PETITIONER

On Petition for Writ of Certiorari

DEAN S. EDMONDS,
Counsel for Petitioner.

JOHN HOXIE,
W. PETERS BLANC,
Of Counsel.

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I.

Although respondent denies that this case warrants the issuance of a writ of certiorari, it admits in effect that different Circuit Courts of Appeals have arrived at conflicting decisions on the matter presented here. The only thing respondent offers by way of distinguishing the instant case, in which an absolute rule of priority has been created in favor of the declaratory action, from the conflicting decisions in which the declaratory action, though prior in time, has been dismissed in favor of the executory action, is that the cases in which the declaratory action has been dismissed are insurance cases while the present case involves patent infringement so that the "only conflict alleged is a conflict between patent cases and insurance cases" (Respondent's brief, p. 10).

This distinction is without substance. It is quite immaterial whether the case in which the question arises involves patents, insurance policies, contracts, other business relations, or ordinary torts. The considerations are always the same. Wherever a controversy arises in which several

parties are independently liable to a single plaintiff, or in which a single party is independently liable to several plaintiffs, whether they be infringers, beneficiaries of an insurance policy, or joint tort feasors, the question of whether it is preferable to settle the entire controversy in a single action or in several separate actions is raised. Considerations of time, labor and expense, both on the part of the Courts and of the litigants, have led the law to favor joinder of parties and causes of action wherever possible. This Court has had occasion to declare the relative unimportance of mere priority of jurisdiction as compared with substantial considerations affecting the speedy and complete adjudication of a controversy in a later action. *Steelman, Trustee in Bankruptcy* v. *All Continent Corp.*, 301 U. S. 278 (1937). Yet the Court below has sacrificed this policy to an absolute rule of priority, eliminating discretion. The Courts of Appeals for the Fourth and Seventh Circuits have specifically rejected the notion that priority alone matters and have preserved an area of discretionary power in which circumstances of a really substantial nature can be taken into account. Resolution of this conflict lies with this Court.*

II.

Apparently in view of the distinction it intended to make between patent cases and insurance cases in discussing the conflict of decision between Circuit Courts of Appeals, and in the effort to lend reality to this superficial difference, respondent has devoted almost its entire brief to the most sweeping charges of bad faith on the part of patent owners in general and petitioner in particular with regard

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***Respondent cites Milwaukee Gas Specialty Co. v. Mercoid Corp., 104 F. (2d) 589, and E. W. Bliss Co. v. Cold Metal Process Co., 102 F. (2d) 105, as supporting the decision of the court below. We do not so read these cases, but even if they should be so read, they merely broaden the conflict.**

to serving notices of infringement and prosecuting infringers.

There is no question that some patent owners have sought on occasion to enforce their monopoly, not by actual suit, but by harassing tactics and insincere accusations of infringement and threats of suit; or by suits against customers which had no real justification in the relief sought. Long prior to the Declaratory Judgments Act the law recognized such practices to constitute unfair competition and accordingly issued injunctions on a proper showing. *Cold Metal Process Co.* v. *United Engineering & Foundry Co.*, 79 F. (2d) 666, at 670-671, C. C. A. 3; *Lykken et al.* v. *International Pulverizing Corp. et al.*, 35 U. S. P. Q., 153 D. C. D. N. J. And see *Oil Conservation Engineering Co.* v. *Brooks Engineering Co.*, 52 F. (2d) 783, C. C. A. 6, and *Wagner et al.* v. *Meccano, Ltd.*, 239 Fed. 901, at 902, C. C. A. 6. A full examination of the opinion in *Hazeltine Corp.* v. *Atwater Kent Mfg. Co.*, 34 F. (2d) 50 will show that it does not support the conclusion drawn from it by respondent.

The Declaratory Judgments Act gives the alleged infringer an additional and useful safeguard against such an attack by enabling him to force a reluctant patent owner into court. There is no question that this safeguard should be carefully preserved to the public, but it is a disingenuous appeal to prejudice for respondent to pretend that the statutory notices served on it and on Sears, Roebuck by petitioner make this a case where that Act needed to be invoked for this purpose.

It is the evidence that these notices were served only after petitioner had given unqualified instructions to sue, and that notices were sent only to respondent itself and its two largest customers,* who were in sharp competition with petitioner (R. 31-34). Notices were not sent to the

*Jurisdiction of the M. B. Austin Company, respondent's other large customer, could not be obtained in the Michigan suit.

ordinary run of wholesaler customers. Furthermore, the district judge found as fact (R. 28):

> "Plaintiff pretends to fear a campaign of intimidation but presents no basis for such a fear. The affidavit of the vice president and secretary of defendant shows that no such campaign is planned or will be permitted. Defendant has made no threats. There is no evidence of harassment."

On appeal this finding was not disturbed and the court below stated in its first opinion that petitioner's action against Sears involves "a real controversy with a very large infringer" (R. 44). The petition for rehearing did not controvert that finding, and the second opinion of the Court below is consistent with it for it did not direct a restraint of the action aganist Sears, Roebuck. Respondent's imputations of bad faith are groundless.

Not content with impugning petitioner's motive in serving the notices of infringement, respondent goes even further and asserts that in suing Sears, Roebuck as well as respondent in Michigan, petitioner was carrying out a "disingenuous plan," an obvious "device," a "subterfuge" by which to nullify the declaratory judgment action previously instituted (Respondent's brief, p. 7).

It is the undisputed evidence that the joint action against respondent and Sears was brought in accordance with the instructions given before notices of infringement were issued and before the declaratory action was commenced. (R. 31-34). Moreover, the suit against Sears, Roebuck was brought after it had informed petitioner of its policy never to purchase from anyone who brought suit for patent infringement against it, a deliberate effort to use its great economic power as one of the country's largest purchasers to free itself from responsibility for its infringement. (R. 34-38) The court below found as fact that the joinder of Sears "is *not a mere device* designed to avoid the application of the rule of the Crosley case" (R. 44, Emphasis

ours). Respondent's assertions are gratuitous and unwarranted. It was not petitioner's action that was "wholly unnecessary," as asserted by respondent (Respondent's brief, p. 8), but respondent's action, which was filed exactly *one week* after notice of infringement was received, at a time when it was plain to respondent that suit for infringement was imminent.

III.

The present decision puts upon petitioner the burden of litigating its patents twice regardless of the outcome of the Delaware action. Even if the patents are there declared invalid or not infringed, the doctrine of *Kessler* v. *Eldred,* 206 U. S. 285, cited by respondent (Brief, p. 8), will not protect Sears, Roebuck except as to products actually sold to it by respondent and adjudicated in the Delaware action. *Rubber Tire Wheel Co.* v. *Goodyear Tire & Rubber Co.,* 232 U. S. 413; *Selden Co.* v. *General Chemical Co.,* 73 F. (2) 195, C. C. A. 3; *Buckeye Incubator Co. et al.* v. *Boling,* 46 F. (2) 965, C. C. A. 6. The bill against Sears covers other infringing products. On the other hand, if the patents should be held valid and infringed in the Delaware action, Sears, Roebuck would not be affected in any degree by that decision, and a second trial would be necessary even as to the products sold to it by respondent. The supplementary proceeding for an accounting referred to by respondent would apply only to respondent itself.

Respectfully submitted,

DEAN S. EDMONDS
Counsel for Petitioner

JOHN HOXIE
W. PETERS BLANC
of counsel